

# INDONESIA



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## FACTS AND FIGURES

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**WHAT—**Indonesia, formerly the Netherlands East Indies, comprises the islands and the peoples of the great archipelago between India and Australia. Today they stand on the threshold of independence, after three centuries of prosperous development.

**WHO—**The Netherlands Government and its authorities in Batavia, Java, have struggled since V-J Day for a workable independence program. The Indonesian Republic, controlling parts of Java and Sumatra, has resisted Dutch efforts, but through the United Nations Good Offices Committee agreed on January 15, 1948, to a military truce and to negotiation of political differences.

**WHY—**The Dutch believe an orderly transition from colony to nationhood is essential. Republicans agreed in words, disagreed in deeds, impugned Dutch intentions. Deadlock was the result until the recent truce.

**WHERE—America fits in . . .**Indonesia is an essential ingredient of America's world. It supplies basic industrial needs. It is strategically vital in the Pacific. It offers markets and investment outlets. And settlement of today's dispute will set a stable, peaceful example for all of restless Asia in the years coming up.

## Indonesia is big



population expanded 8 times in past century, 50% since World War I.  
Java alone has 50,000,000 people and practically the world's highest density, 960 per sq. mi., more than three times Holland's or Britain's.

150 different ethnic groups, speaking 250 languages and dialects.  
60,000,000 Moslems, 1/4 of world's.

733,000 square miles area, equalling all U.S. east of the Mississippi  
3,100 miles long, 1/8 earth's circumference.

Sumatra equals size of California, Java of New York State, Borneo of France.  
Dutch New Guinea of Japan, Celebes of New England plus New Jersey.

## Indonesia is rich

**AGRICULTURE**—Indonesia is one of the world's fabulously rich areas of tropical agriculture. Its constantly renewed volcanic soil and even, hot, humid climate produce two, three or more crops a year.

It has blossomed under the enterprise, research and guidance of the Dutch, who introduced almost all the products for which Indonesia is famous—such as rubber, quinine, oil palms, coffee, tea, tapioca, tobacco, high-grade fibres.

In pre-war times, Indonesia produced approximately the following proportions of world production of:

RUBBER 40%  
TEA 20%

FIBRES 20%  
COPRA 30%

QUININE 90%  
PEPPER 85%

KAPOK 70%  
PALM OIL 25%

**MINERALS**—The country accounts, in ordinary times, for about 15% of the world supply of tin, some 40,000 tons a year.

Its oil reserves, contributing something less than 3% of world exports up to 1941, are almost unique in the oil-poor East.

It has produced gold, silver and diamonds for centuries.

Coal reserves are estimated at 5-6,000,000,000 tons.

**TRADE**—It imported and exported \$500-750,000,000 worth of goods annually.

**INVESTMENT**—More than 2 1/4 billion dollars of foreign capital were invested in Indonesia in 1940. (Less than a tenth of this was American.)

## Indonesia offers opportunity

**BUSINESS OPPORTUNITY**—As soon as stability is restored, Indonesia will offer an immediate field for business enterprise, which will expand indefinitely.

First of all there will be a heavy demand for the supplies and equipment needed in rehabilitation—construction and transportation machinery, tools, medical goods. Already, despite disturbed conditions, U.S. exports to Indonesia are at a rate approximately twice that in 1939, when the total was \$36,000,000.

Later, growing industrialization and a rising living standard will create new requirements for all kinds of industrial and consumers' products.

Trade in Indonesian exports, now reviving, will boom.

**INVESTMENT OPPORTUNITY**—Foreign, especially American, capital will be needed to develop many new products and enterprises, such as the manufacture of consumers' goods. Bauxite, nickel, manganese, copper, platinum, lead and other minerals are available. So are new food industries and specialties, like tropical forest products and cultivated pearls.

**POLITICAL OPPORTUNITY**—If Indonesia can set a pattern for simultaneously successful and peaceful evolution from Western-dominated colony to free self-government, the whole world will benefit. Dependent areas not only in Asia but all around the globe would have an example in which to have faith. So would other colonial powers.





## Indonesia affects Americans

**FACT**

The best and simplest proof is—the lives of American soldiers and the American wealth devoted to throwing the Japs out of the whole South Pacific. America could not confine its military interest to the Philippines alone, but had to be sure the Indonesian flank was safe as well.

Formal American state papers and utterances have often expressed national concern with the fate of Indonesia. Two examples:

- 1) On April 17, 1940, Secretary of State Hull replied to a provocative Jap statement: "Intervention in the domestic affairs of the Netherlands Indies or any alteration of their status quo by other than peaceful processes would be prejudicial to the cause of stability, peace and security not only in the region of the Netherlands Indies but in the entire Pacific area."
- 2) On January 20, 1948, welcoming the truce announcement, the Department of State said: "The United States Government will continue to follow with deepest interest the progress of reconstruction in the Netherlands East Indies and is exploring ways and means of extending economic and financial assistance to this reconstruction."

Indonesia is a major contributor to the American economy. War-time short supplies of rubber and tin, to mention only the worst, dramatized this relationship. In normal pre-war trade, America got from Indonesia about the following proportions of all U.S. imports of:

<b>RUBBER 30%</b>	<b>QUININE 96%</b>	<b>KAPOK 90%</b>	<b>TEA 30%</b>
<b>TIN 10%</b>	<b>PEPPER 97%</b>	<b>PALM OIL 80%</b>	<b>SISAL 34%</b>

Small as it is, Indonesia's 3% contribution to world oil supplies is especially significant to American naval and military strength because there is practically no other important local petroleum source in the whole Pacific area. American capital is deeply interested in these wells.

As it affects trade, the present situation is analogous to that just before the war in 1940 and 1941. Europe was largely knocked out as a market for Indonesian raw materials and a source of manufactured goods. In addition, America had begun stockpiling. U.S. trade with Indonesia doubled and trebled in consequence. Today, Europe is still out economically. This trade with the U.S. is already reviving.

The American and United Nations doctrine of the indivisibility of peace applies especially to the Indonesian dispute.

Rising living standards in once backward areas mean markets for America. Among former colonies, Indonesia possesses an exceptionally sound basis for gradual development into the increasingly industrial economy which assures the betterment of living conditions, the development of good customers.

## Holland wants a free, prosperous Indonesia. This has been the Dutch objective for years

**FACT**

The Dutch have been planning and preparing for it for decades.

Netherlanders agree their country's Indonesian policy in the early days was openly colonialistic and exploitive. All colonial powers were alike in this regard at that time.

**FACT**

But the first drastic revision took place over a hundred years ago and the evolution has been steady ever since. It was much accelerated in 1901, with Queen Wilhelmina's introduction of the Ethical Policy, and again between the world wars.

The Dutch believe their colonial policy has for many years been far ahead of any other in the world. It aimed: to prevent alienation of Indonesian resources to foreigners; to create an economic structure which would assure rising standards; and to educate the people for freedom.

For instance, the Dutch: so organized food production that famine is unknown; prohibited land sales to foreigners; enforced labor standards far in advance of other colonial areas; eliminated race prejudice between European and Asiatic; brought Indonesians increasingly into government and administration.

## Dutch efforts have been hampered but are succeeding

**FACT**

The Linggadjadi Agreement of March 1947 embodied the Dutch aims. In it, the Dutch and the Indonesian Republic agreed principally:

**FACT**

- to form a Union of the Netherlands and a new United States of Indonesia by January 1949;
- to establish a joint Dutch-Indonesian government which would effect an orderly transfer of powers in the interim;
- to insure the political rights of Indonesian minorities and the property rights of business;
- that Dutch sovereignty in the transitional period and Indonesian rights to freedom are undisputed.

Implementation, rather than principle, gave rise to disagreement. Argument on these points dragged on through months.

Meanwhile, other Indonesians in Borneo and the east of the archipelago sought and found a peaceful solution. The new states of Borneo and East Indonesia were formed with Dutch agreement and aid in 1947. In January 1948 these two areas were included with eight others in a new Interim Federal Government, forerunner of a sovereign United States of Indonesia.

Alarmed by growing disorder in Republican territory, as negotiations stalled, the Dutch on July 20, 1947, instituted military action to restore domestic peace, desisted two weeks later when the Security Council requested that both sides "cease fire."

Shortly thereafter, the United Nations sent to Indonesia a three-man Good Offices Committee, one member of which is Dr. Frank P. Graham, President of the University of North Carolina. A military truce and agreement regarding principles on which to base a political settlement were announced January 15, 1948, after eleven weeks of negotiation by this group with both Dutch and Indonesians. The principles follow those of the Linggadjadi program.

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